

CALIFORNIA STATE TEACHERS' RETIREMENT BOARD
INVESTMENT COMMITTEE

SUBJECT: Report of the Chief Investment Officer

ITEM NUMBER: 15

ATTACHMENT(S): 3

ACTION: _____

DATE OF MEETING: May 5, 1999

INFORMATION: X

PRESENTER(S): Mr. Mitchell

The following is a summary of the developments in the financial markets that have occurred between April 1, 1999 and April 19, 1999.

1. The yield on the 30 year U.S. Treasury bond is 5.57%.
2. The market level of the S&P 500 Index has increased from 1294 to 1324.
3. The U.S. dollar has strengthened as compared to the euro (108 to 106) while weakening as compared to the yen (120.76 to 117.90) and the pound sterling (1.60 to 1.62).
4. The Federal Reserve Board of Governors held a meeting on March 30, 1999. The Federal Reserve left the Fed Funds rate constant at 4.75% and discount rate at 4.50%. The Federal Reserve Board of Governors next scheduled meeting is on May 18, 1999.

Note: Attachments 1 and 2 are not available in electronic format at this time.

California State Teachers' Retirement System
Internal S&P 500 Portfolio Performance

The California State Teachers' Retirement System's internally managed S&P 500 Portfolio (Portfolio) was \$1,245,524,919 as of March 31, 1999. Over the past twelve months, the Portfolio provided a total return of 18.49%. By comparison, the return of the Portfolio's benchmark, the S&P 500 Index, was 18.55%. The table below summarizes the returns and characteristics of the Portfolio versus its benchmark.

	Portfolio Return ¹	Index Return ²	Tracking Error
Since Inception 3/31/98	18.490%	18.550%	-0.060%
Portfolio Market Value	1,245 (\$ mil.)		
Index Market Value	10,513 (\$ bil.)		
P/E Ratio	34.11		
Dividend Yield	1.29		

¹ Portfolio return calculated by State Street Bank Analytics.

² The total return for the index was calculated by Wilshire Associates.